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SUBJECT: BRAZIL LOOKING TO IMPLEMENT POLITICAL REFORMS TO PROMOTE DEMOCRATIZATION

1. SUMMARY. In 2003, the Brazilian Chamber of Deputies (lower house) restarted discussions on "Political Reform" - a catch-all term covering proposals to strengthen political parties, reform campaign financing, and improve the country's electoral system. Many proposals have been debated since the 1988 Constitution was passed, and they were distilled into two bills voted out this year by the Chamber's Ad Hoc Committee on Political Reform. While the proposals are the subject of intense political maneuvering among the parties, there is a growing consensus here that Political Reform is a good idea for the parties, the voters, and democracy. The current bills may pass into law next year, and they must pass by October 2005 if they are to be in effect for the October 2006 presidential and congressional elections. END SUMMARY.

THE NEED FOR POLITICAL REFORM

2. Since Brazil returned to civilian rule and passed the 1988 Constitution, its multi-party system has been criticized for its vulnerability to corruption in campaign financing, its institutionally weak parties, and its personalized culture in which parties more often revolve around individuals than ideology or substantive positions. Twenty-seven parties are currently registered in Brazil, with politicians jumping from one to another for short-term advantage. There were nearly 200 party switches in the Federal Chamber of Deputies in the first 18 months of the 52nd Congress (2003-2005). Since 1992, at least six congressional committees have been created in both the Senate and Chamber to discuss the shortcomings of democratic institutions. In early 2003, the Chamber reopened the debate and established an Ad Hoc Committee that presented two bills that have now gone to the Chamber's Justice Committee. They will eventually be voted out to the floor and then go to the Senate for final passage. President Lula da Silva supports the effort. He has said repeatedly that he sees political reform as "urgent and necessary to promote democratization in both Brazilian society and State".

SEVERAL BILLS NOW IN THE WORKS

3. The primary bill now under discussion is: Bill 2679/03, drafted by Deputy Ronaldo Caiado (PFL-Goiás), passed by the Ad Hoc Committee in December 2003 and sent to the Justice Committee, where it is still under consideration. Caiado's bill addresses:

- campaign and party financing, to combat the mounting cost of electoral campaigns and candidate dependence on special interest money for campaign financing;
- closed-list system, aimed at strengthening the link between politicians and their parties (Brazil now uses open lists to select its legislatures);
- party federations, to replace short-term alliances of convenience;
- lowering of thresholds (i.e., the percentage of votes in how many states each party must win in order to maintain its party status), to protect small parties that could be damaged by the new federation rule.

4. Two other bills are also part of the package: Bill 1712/03 (also sponsored by Deputy Caiado and also waiting to be voted out by the Justice Committee), addresses party switching by mandating that candidates must be members of a party for a fixed period before they can run for any office under that party's banner; and a Constitutional amendment proposal that would put all of Brazil's elections on concurrent four-year cycles instead of the alternating two-year cycles as now. The two Caiado bills will likely be debated together and pass in some form in the coming months. The third bill, dealing with election cycles, has less support. In addition, President Lula recently mentioned that he would support a single six-year term for Brazil's President, to replace the current system of four-year terms, with a President limited to serving no more than two terms consecutively. This idea is not now in any of the bills, but could be attached in the future.

5. The two Caiado bills have languished in the Justice Committee because of opposition from the conservative parties in Lula's coalition (PL, PTB, and PP). But that opposition may now be overcome: in a December meeting with Federal Deputies, President Lula highlighted political

reform as his top legislative priority for 2005. Once they get to the floor, the bills could have greater support from the opposition than in Lula's own coalition. But the bills as written would significantly change the rules of the game, so they will generate fierce debate and may well be watered-down before becoming law. The most controversial elements of the reforms are public campaign financing and closed lists --the very heart of the reforms. According to the caucus leader of the coalition's PL party, Deputy Sandro Mabel: "If they insist on closed lists and public finance, bye-bye reform".

POST ENCOURAGING DEBATE

16. For many Brazilians, Political Reform is an opaque and complicated topic fit only for politicians. There has been little public discussion, press analysis, or dissemination of information on how these bills could fundamentally impact Brazil's democracy. Post is developing a project to sponsor a conference in early 2005 to discuss various elements of the proposed political reform and to bring together key Brazilian stakeholders, including politicians, journalists, academics, and representatives of civil society organizations, to inform and expand the national debate.

COMMENT: DEMOCRACY HAS TO BE STRENGTHENED

17. In early 2004, a scandal involving one of Lula's senior advisors, Waldomiro Diniz, made clear the need to reform the Brazilian electoral and political parties system, especially campaign and party financing. Diniz was caught on tape allegedly soliciting illegal campaign contributions from a numbers racketeer. In addition, the long-running "Banestado" money-laundering investigation has uncovered evidence that several parties are financing campaigns with undeclared funds. The Political Reform now in the Chamber of Deputies, (in the words of one Deputy) may not be the "one Brazil wants, but the one Brazil can do", yet these bills represent a significant first step in strengthening the electoral process.

18. The current system of open lists and private campaign financing has the support of many in Congress, including many in Lula's coalition. This system makes the parties dependent on the candidates, rather than the other way around, while candidates become reliant on private interests for funding. Thus, the lack of public participation and discussion on political reform make it easier for politicians to approve laws that will benefit themselves rather than the whole country or even their party. Transparency and public participation are key to passing good political reform laws and key to making Brazil's democracy more responsive to the public.
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